

AO 442 (Rev. 11/11) Warrant for Arrest

UNITED STATES DISTRICT COURT

District of Hawaii

UNITED STATES OF AMERICA

WARRANT FOR ARREST

V.

Case Number: CR 21-00095 SOM-02

SOOK YOUNG JUNG

(Name and Address of Defendant)

To: The United States Marshal and any Authorized United States Officer

YOU ARE HEREBY COMMANDED TO ARREST (02) SOOK YOUNG JUNG and bring him or her forthwith to the nearest district/ magistrate judge to answer an Indictment, charging him or her with (brief description of offense)

Count 1: Conspiracy to Defraud the United States

Count 3: Making and Subscribing a False Return, Statement, or Other Document

Counts 5-15: Money Laundering

• in violation of Title 18 United States Code, Section(s) 371, 26:7206(1), 18:1957 .

Date: July 15, 2021

Michelle Rynne, Clerk of Court

Name and Title of Issuing Officer

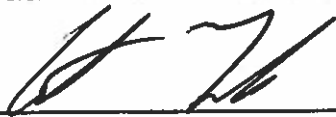
Location: Honolulu, Hawaii



/S/ Michelle Rynne by deputy clerk ET

Prepared/Signed By:

By: Wes Reber Porter, United States Magistrate Judge

RETURN		
This warrant was received and executed with the arrest of the above-named defendant at <u>Seattle International Airport, 17801 International Blvd, Seattle, WA 98158</u>		
Date Received <u>9/4/2021</u>	NAME AND TITLE OF ARRESTING OFFICER <u>Curtis Failla</u> <u>Special Agent</u>	SIGNATURE OF ARRESTING OFFICER 
Date of Arrest <u>9/4/2021</u>		

SEALED
BY ORDER OF THE COURT

JUDITH A. PHILIPS
Acting United States Attorney
District of Hawaii

FILED IN THE
UNITED STATES DISTRICT COURT
DISTRICT OF HAWAII

JUL 15 2021

at 3 o'clock and 31 min. P M
MICHELLE RYNNE, CLERK

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Attorneys for Plaintiff
UNITED STATES OF AMERICA

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,

Plaintiff,

vs.

HANNAH HEART, and
SOOK YOUNG JUNG,

Defendants.

CR. NO. CR 21 - 00095 SOM

INDICTMENT

[18 U.S.C. §§ 371 and 1957;
26 U.S.C. § 7206(1)]

(1)

(2)

INDICTMENT

The Grand Jury charges:

Introductory Allegations

At times relevant to this Indictment:

1. Defendant HANNAH HEART (HEART) resided in the District of Hawaii.
2. HEART was married to J.K.H. from at least in or around 2015.
3. Defendant SOOK YOUNG JUNG (JUNG) resided in the District of Hawaii.
4. HEART was the owner of Iolana, Inc. (Iolana), a design business incorporated in the District of Hawaii.
5. Hannah Kim Heart Revocable Living Trust (HKHRLT) was a trust created and used by HEART in the District of Hawaii.
6. Heart Legacy Trust (HLT) was a purported trust created and used by HEART in the District of Hawaii.
7. CHR Empire Trust (CHR) was a purported trust created and used by J.K.H. in the District of Hawaii.
8. HEART was a signatory on, and exercised control over, bank accounts held in the names of HKHRLT, Iolana, and HLT at Bank of Hawaii, located in the District of Hawaii.

9. J.K.H. was a signatory on, and exercised control over, bank accounts held in his name at First Hawaiian Bank and at American Savings Bank, and held in the name of CHR at Bank of Hawaii, all located in the District of Hawaii.

10. Tyche Trust (Tyche) was a purported trust created and used by JUNG in the District of Hawaii.

11. JUNG was a signatory on, and exercised control over, bank accounts held in her name at Bank of Hawaii, and in her name and in the name of Tyche at American Savings Bank, all located in the District of Hawaii.

12. CO-CONSPIRATOR 1 (CC-1), not named as a defendant herein, was the owner of Gimmel Group, LLC (Gimmel Group), a Hawaii corporation that purported to be a personal investment business. CC-1 was a signatory on, and exercised control over, Gimmel Group's multiple bank accounts at Bank of Hawaii, located in the District of Hawaii.

13. Mortgage Compliance Advisors & Solutions LLC (MCA&S) was a limited liability company registered in the state of Florida controlled by a member of the mail fraud scheme, as set forth, *infra*, in paragraphs 25 to 26, who is not named in this Indictment.

14. HEART and JUNG used the following individuals, among others, identified by their initials, as nominees to conceal the proceeds from the fraud scheme: C.H., B.K.K., C.S.W., S.S.L., and J.H.

15. The Internal Revenue Service (IRS) was an agency of the United States Department of the Treasury responsible for enforcing and administering federal tax laws.

Count 1
Conspiracy to Defraud the United States
(18 U.S.C. § 371)

16. The Introductory Allegations contained in paragraphs 1 through 15 are realleged and incorporated by reference as though fully set forth herein.

The Conspiracy and Its Objects

17. From at least in or around January 2015, and continuing through at least in or around February 2019, in the District of Hawaii and elsewhere, HEART and JUNG, the defendants, together with CC-1, did unlawfully, voluntarily, intentionally and knowingly, conspire, combine, confederate, and agree with each other and with others known and unknown to the grand jury to defraud the United States, by dishonest and deceitful means, by impeding, impairing, obstructing, and defeating the lawful government functions of the IRS in the ascertainment, computation, assessment, and collection of revenue, namely, by filing with the IRS federal income tax returns claiming fraudulent refunds based on false tax withholdings reported on Forms 1040, 1040X, and 1099-MISC and engaging in a course of conduct to prevent the IRS from recouping the fraudulently obtained tax refunds.

Manner and Means

18. It was part of the conspiracy that HEART and JUNG, and their co-conspirators, would and did the following, among other things:

- a. Recruit and cause to be recruited participants to file fraudulent tax returns to fraudulently obtain tax refunds;
- b. Generate and cause to be generated fraudulent IRS Forms 1099-MISC that purported to be issued by participants' mortgage lenders that falsely reported, among other things, large tax withholdings;
- c. File and cause to be filed with the IRS false Forms 1099-MISC;
- d. File and cause to be filed with the IRS Forms 1040 U.S. Individual Income Tax Return and Forms 1040X Amended U.S. Individual Income Tax Return, based on the false and fraudulent Forms 1099-MISC, that falsely and fraudulently claimed large tax refunds;
- e. Cause to be provided to themselves and others, U.S. Treasury Checks obtained by filing tax returns claiming false and fraudulent tax refunds;
- f. Pay CC-1 substantial fees for CC-1's services based, in part, on a percentage of the tax refunds received;
- g. Provide participants with false, fraudulent, and frivolous information concerning the mail fraud scheme, as set forth, *infra*,

in paragraphs 25-26, and CC-1's involvement in it, that they instructed participants to provide to the IRS in response to IRS efforts to recover the fraudulently obtained tax refunds.

- h. Send false, fraudulent, and frivolous information concerning the mail fraud scheme to the IRS in response to IRS efforts to recover the fraudulently obtained tax refunds.
- i. Create purported trusts to conceal the fraudulently obtained tax refunds from IRS recovery efforts.
- j. Open bank accounts in the names of business entities and purported trusts to conceal the fraudulently obtained tax refunds from IRS recovery efforts.
- k. Transfer fraudulently obtained tax refund proceeds between bank accounts held in their names, purported trusts, and nominees to prevent the IRS from collecting the fraudulently obtained proceeds.

Overt Acts

19. In furtherance of the conspiracy and to affect the objects thereof, HEART and JUNG and their co-conspirators committed and caused to be committed the following overt acts, among others, in the District of Hawaii and elsewhere:

- a. From in or around January 2015, to in or around October 2015, HEART paid CC-1 and MCA&S fees in exchange for the preparation of her false and fraudulent Forms 1040X and 1099-MISC. HEART signed checks from her Bank of Hawaii Iolana business account ending in -1608 on or about the dates listed below as follows:

Date	Payee	Approximate Amount
5/10/15	MCA&S	\$1250
5/18/15	MCA&S	\$1250
6/10/15	CC-1	\$500
10/26/15	CC-1	\$100
10/26/15	CC-1	\$4000

- b. On or about July 28, 2015, HEART filed and caused to be filed with the IRS a false and fraudulent Amended U.S. Individual Income Tax Return, Form 1040X, for the 2014 tax year, in her own name, fraudulently asserting a claim for a refund in the amount of \$464,904. Attached to the Form 1040X, HEART filed and cause to be filed with the IRS a false and fraudulent IRS Form 1099-MISC, for tax year 2014, purportedly filed by a mortgage

lender, which form reported a false tax withholding amount of \$1,292,788.65 for HEART.

- c. On or about October 27, 2015, HEART deposited and caused to be deposited a fraudulently obtained U.S. Treasury Check in the amount of \$471,949.23, payable to HEART into the HKHRLT account ending in -9446 at Bank of Hawaii.
- d. On or about October 27, 2015, HEART transferred and caused to be transferred \$470,000, from the HKHRLT Bank of Hawaii account ending in -9446, to the Iolana Bank of Hawaii account ending in -1608.
- e. On or about October 28, 2015, HEART paid CC-1 \$117,987, from the Iolana Bank of Hawaii account ending in -1608, for assisting in the false tax filings and concealment of the fraudulently obtained refund.
- f. On or about October 28, 2015, HEART paid MCA&S \$12,000, from the Iolana Bank of Hawaii account ending in -1608, for assisting in the false tax filings.
- g. On or about March 1, 2016, HEART created and caused to be created the purported trust, HLT.

- h. On or about April 27, 2016, HEART opened and caused to be opened a bank account ending in -2345 in HLT's name at Bank of Hawaii.
- i. On or about June 28, 2016, JUNG filed and caused to be filed with the IRS a false and fraudulent U.S. Individual Income Tax Return, Form 1040, for the 2015 tax year, in her own name, fraudulently asserting a claim for a refund in the amount of \$1,134,902.

Attached to the Form 1040, JUNG filed and caused to be filed with the IRS a false and fraudulent IRS Form 1099-MISC, for tax year 2015, purportedly filed by a mortgage lender, which form reported a false tax withholding amount of \$1,707,489.37.
- j. On or about July 29, 2016, JUNG created and caused to be created the purported trust, Tyche.
- k. On or about July 29, 2016, JUNG opened and caused to be opened a bank account ending in -7099 in her name at Bank of Hawaii.
- l. On or about August 5, 2016, JUNG opened and caused to be opened a bank account ending in -9652 in the name of Tyche at American Savings Bank.

- m. On or about August 30, 2016, at the direction of HEART, JUNG, and other co-conspirators, J.K.H. created and caused to be created the purported trust, CHR.
- n. On or about September 7, 2016, at the direction of HEART, JUNG, and other co-conspirators, J.K.H. opened and caused to be opened a bank account ending in -4851 in the name of CHR at Bank of Hawaii.
- o. On or about September 15, 2016, JUNG and HEART deposited and caused to be deposited a fraudulently obtained U.S. Treasury Check in the amount of \$1,147,036.31, payable to JUNG, into JUNG's account ending in -7099 at Bank of Hawaii.
- p. On or about September 15, 2016, JUNG transferred and caused to be transferred \$100,000, from her account ending in -7099 at Bank of Hawaii, to J.K.H. via cashier's check.
- q. On or about September 15, 2016, JUNG transferred and caused to be transferred \$100,000, from her account ending in -7099 at Bank of Hawaii, to C.H. via cashier's check.
- r. On or about September 15, 2016, JUNG transferred and caused to be transferred \$200,000, from her account ending in -7099 at Bank of Hawaii, to the CHR account ending in -4851 at Bank of Hawaii.

- s. On or about September 15, 2016, JUNG transferred and caused to be transferred \$200,000, from her account ending in -7099 at Bank of Hawaii, to C.S.W. via cashier's check.
- t. On or about September 15, 2016, JUNG transferred and caused to be transferred \$200,000, from her account ending in -7099 at Bank of Hawaii, to S.S.L. via cashier's check.
- u. On or about September 15, 2016, JUNG transferred and caused to be transferred \$100,000, from her account ending in -7099 at Bank of Hawaii, to B.K.K. account ending in -0573 at Bank of Hawaii.
- v. On or about September 15, 2016, JUNG transferred and caused to be transferred \$32,424, from her account ending in -7099 at Bank of Hawaii, to J.K.H. via cashier's check.
- w. On or about September 15, 2016, JUNG paid HEART approximately \$532,424, via cashier's checks payable to J.K.H. and nominees, including B.K.K. and C.H., for assisting in the false tax filings and concealment of the fraudulently obtained refund.
- x. On or about September 16, 2016, JUNG withdrew and caused to be withdrawn \$150,000 from her account ending in -7099 at Bank of Hawaii to purchase a \$150,000 cashier's check payable to Tyche.

- y. On or about October 7, 2016, JUNG transferred and caused to be transferred \$100,000, from the Tyche account ending in -9652 at American Savings Bank, payable to herself.
- z. On or about October 7, 2016, JUNG transferred and caused to be transferred \$30,000, from the Tyche account ending in -9652 at American Savings Bank, to J.H. via cashier's check.
- aa. On or about October 7, 2016, JUNG transferred and caused to be transferred \$125,000, from the Tyche account ending in -9652 at American Savings Bank, to S.S.L. via cashier's check.
- bb. On or about November 30, 2016, in response to a notice from the IRS attempting to recover the fraudulently obtained refund, JUNG, for the purposes of thwarting such collection, mailed a letter to an IRS employee in which she falsely claimed the IRS was wrong that she owed the taxes because they had been collected.
- cc. From on or about April 18, 2016, to on or about February 27, 2019, HEART mailed and faxed false, fraudulent, and frivolous letters to the IRS in response to IRS efforts to recover the fraudulently obtained tax refund.

All in violation of Title 18, United States Code, Section 371.

Count 2

Making and Subscribing a False Return, Statement, or Other Document
(26 U.S.C. § 7206(1))

20. The Introductory Allegations in paragraphs 1 through 15 are realleged and incorporated by reference as though fully set forth herein.

21. On or about July 28, 2015, in the District of Hawaii and elsewhere, HEART did willfully make and subscribe, and willfully file and cause to be filed with the Internal Revenue Service, a false Amended U.S. Individual Income Tax Return, Form 1040X, for calendar year 2014, which was verified by a written declaration that it was made under the penalties of perjury and which HEART did not believe to be true and correct as to every material matter, in that the Form 1040X reported, at Line 1, that HEART earned other income totaling \$2,410,791, reported, at Line 12, that HEART had tax withholdings of \$1,292,789, and claimed, at Line 22, that HEART was owed a refund of \$464,904, whereas, as HEART well knew, she did not earn the other income, did not have the tax withholdings reported, and was not entitled to the refund claimed on the tax return.

All in violation of Title 26, United States Code, Section 7206(1).

Count 3

Making and Subscribing a False Return, Statement, or Other Document
(26 U.S.C. § 7206(1))

22. The Introductory Allegations in paragraphs 1 through 15 are realleged and incorporated by reference as though fully set forth herein.

23. On or about June 28, 2016, in the District of Hawaii and elsewhere, JUNG did willfully make and subscribe, and willfully file and cause to be filed with the Internal Revenue Service, a false U.S. Individual Income Tax Return, Form 1040, for calendar year 2015, which was verified by a written declaration that it was made under the penalties of perjury and which JUNG did not believe to be true and correct as to every material matter, in that the Form 1040 reported, at Line 21, that JUNG earned other income totaling \$1,707,489, reported, at Line 64, that JUNG had tax withholdings of \$1,707,489, and claimed, at Line 76a, that JUNG was owed a refund of \$1,134,902, whereas, as JUNG well knew, she did not earn the other income, did not have the tax withholdings reported, and was not entitled to the refund claimed on the tax return.

All in violation of Title 26, United States Code, Section 7206(1).

Count 4
Money Laundering
(18 U.S.C. § 1957)

24. The Introductory Allegations in paragraphs 1 through 15 are realleged and incorporated by reference as though fully set forth herein.

The Mail Fraud Scheme

25. From at least in or around May 2015, through at least in or around September 2016, HEART and JUNG, the defendants, with CC-1 and others known and unknown to the grand jury, knowingly devised, and intended to devise, a

scheme and artifice to defraud the United States and to obtain money and property from the United States, through materially false and fraudulent pretenses, representations, and promises, by, among other things, scheming to obtain a fraudulent tax refund by filing with the IRS false U.S. Individual Income Tax Returns, Forms 1040 and 1040X, with attached Forms 1099-MISC.

26. For the purpose of executing the scheme and artifice to defraud, on or about the dates set forth in the chart below, HEART and JUNG, used and caused to be used the United States Postal Service and private and commercial interstate carriers, to send, among other things, the following items:

Date of Mailing	Item Mailed
7/28/15	HEART's Amended U.S. Individual Income Tax Return, Form 1040X for 2014, with attached Form 1099-MISC
10/23/15	U.S. Treasury Check payable to HEART in the amount of \$471,949.23
6/28/16	JUNG's U.S. Individual Income Tax Return, Form 1040 for 2015, with attached Form 1099-MISC
9/12/16	U.S. Treasury Check payable to JUNG in the amount of \$1,147,036.31

Monetary Transactions

27. On or about the date set forth in the chart below, within the District of Hawaii and elsewhere, HEART knowingly engaged and attempted to engage in a monetary transaction within the United States, by, through, and to a financial

institution, affecting interstate and foreign commerce, knowing that such transaction involved criminally derived property with a value greater than \$10,000, that is, the transfer, withdrawal, and deposit of funds and monetary instruments described and in the amount set forth in the chart below, which were derived from a specified unlawful activity, namely, the proceeds of the Mail Fraud Scheme, in violation of Title 18, United States Code, Section 1341:

Count	Date	Amount	Description
4	10/25/16	\$60,500	Transfer via check from Iolana Bank of Hawaii account ending in -1608, payable to CHR

All in violation of Title 18, United States Code, Section 1957.

Counts 5-15
Money Laundering
(18 U.S.C. § 1957)

28. The Introductory Allegations in paragraphs 1 through 15 and the Mail Fraud Scheme in paragraphs 25 through 26 are realleged and incorporated by reference as though fully set forth herein.

29. On or about the dates set forth in the chart below, within the District of Hawaii and elsewhere, JUNG, the defendant, knowingly engaged and attempted to engage in monetary transactions within the United States, by, through, and to a financial institution, affecting interstate and foreign commerce, knowing that each such transaction involved criminally derived property with a value greater than

\$10,000, that is, the transfer, withdrawal, and deposit of funds and monetary instruments described and in the amounts set forth in the chart below, which were derived from a specified unlawful activity, namely, the proceeds of the Mail Fraud Scheme in violation of Title 18, United States Code, Section 1341, with each such monetary transaction constituting a separate count of this Indictment:

Count	Date	Amount	Description
5	9/15/16	\$100,000	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to J.K.H.
6	9/15/16	\$100,000	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to C.H.
7	9/15/16	\$200,000	Internal bank transfer from JUNG's Bank of Hawaii account ending in -7099, to CHR Bank of Hawaii account ending in -4851
8	9/15/16	\$200,000	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to C.S.W.
9	9/15/16	\$200,000	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to S.S.L.
10	9/15/16	\$100,000	Internal bank transfer from JUNG's Bank of Hawaii account ending in -7099, to B.K.K. Bank of Hawaii account ending in -0573
11	9/15/16	\$32,424	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to J.K.H.
12	9/16/16	\$150,000	Transfer via cashier's check from JUNG's Bank of Hawaii account ending in -7099, payable to Tyche
13	10/7/16	\$100,000	Transfer via cashier's check from Tyche American Savings Bank account ending in -9652, payable to JUNG

Count	Date	Amount	Description
14	10/7/16	\$30,000	Transfer via cashier's check from Tyche American Savings Bank account ending in -9652, payable to J.H.
15	10/7/16	\$125,000	Transfer via cashier's check from Tyche American Savings Bank account ending in -9652, payable to S.S.L.

All in violation of Title 18, United States Code, Section 1957.

Forfeiture Notice

1. The allegations contained in all paragraphs of Counts 4 through 15 of this Indictment are realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 982.

2. The United States hereby gives notice to HANNAH HEART and SOOK YOUNG JUNG, the defendants, that, upon conviction of the offenses in violation of Title 18, United States Code, Section 1957, charged in Counts 4 through 15 of the Indictment, the government will seek forfeiture, pursuant to Title 18, United States Code, Section 982(a)(1), of any and all property, real or personal, involved in the offenses, and all property traceable to such property, including but not limited to a sum of money equal to at least approximately \$1,618,985 in United States currency.

3. If by any act or omission of HEART and JUNG, any of the property subject to forfeiture described in paragraph 2 herein:

a. cannot be located upon the exercise of due diligence;

- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; and
- e. has been commingled with other property, which cannot be subdivided without difficulty;

the United States of America will be entitled to forfeiture of substitute property up to the value of the property described in paragraph 2 herein, pursuant to Title 21,

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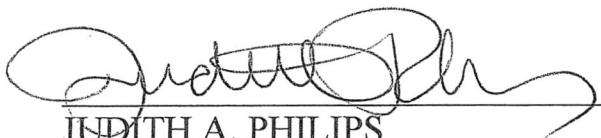
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United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1).

DATED: July 15, 2021, at Honolulu, Hawaii.

A TRUE BILL

/s/ Foreperson
FOREPERSON



JUDITH A. PHILIPS
Acting United States Attorney
District of Hawaii



SARAH A. KIEWEICZ
VALERIE G. PREISS
Trial Attorneys



GREGG PARIS YATES
Assistant United States Attorney

United States v. Hannah Heart et al.
Indictment

Cr. No. **CR 21 - 00095 SOM**